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## ABSTRACT

As a result of the financial difficulties faced by independent colleges in the northwestern United States, the Northwest Area Foundation in 1972 surveyed the administrations of 80 private colleges to get a profile of the colleges, a list of their current problems, and some indication of how the problems might be approached. The three top problems given were decreasing enrollment, financial aid to students that decreased resources, and increasing instructional costs. The foundation set up three programs, each designed to cope with one of these financial needs: (1) the admissions and retention program, to help colleges find ways to increase tuition income by increasing or maintaining enrollment; (2) the deferred gifts program, to generate more long-range contributed income by providing specialists in soliciting stocks, bonds, real estate, and other gifts; and (3) the productivity program, to find less costly ways of teaching and learning while maintaining educational quality. (MSE)

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# Northwest Area Foundation

An Approach to  
Keeping Independent Colleges  
Independent

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Saint Paul, Minnesota 55101

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An Approach to  
**Keeping Independent Colleges  
Independent**

An Informal Report on Northwest Area Foundation's  
Independent College Program 1973-1975



## PREFACE

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### NORTHWEST AREA FOUNDATION

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Northwest Area Foundation was created in 1934 by railroad and banking magnate Louis W. Hill, Sr., son of James J. Hill, pioneer founder of the Great Northern Railway. It was known as the Louis W. and Maud Hill Family Foundation until 1975, when the name was changed to reflect the Foundation's commitment to "promote the public welfare" in the northwest region of the United States.

In keeping with its regional character, the Foundation makes grants in only eight states — Minnesota, Iowa, North Dakota, South Dakota, Idaho, Montana, Washington, and Oregon. Since its inception it has made 1,543 grants totalling \$60,318,274 to serve the people of this area through a wide range of experimental projects in the arts and humanities, education, the environmental and physical sciences, human services, the medical sciences and health, and the social sciences.

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A black and white photograph of a window with a grid pattern, set against a dark background. The window is on the left side of the frame, and the grid pattern is composed of several vertical and horizontal lines. The background is dark and textured, with some light spots and a faint, curved line on the right side.

*"What is at stake is a tradition"*

## INTRODUCTION

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### A QUESTION OF QUALITY SURVIVAL

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It might be a scene out of *Goodby Mr. Chips*: the handsome young college president leans back from his desk in the book-lined office, draws contemplatively on his pipe, and gazes at a serene campus outside the window.

But when he speaks, the illusion ends: "Our school is over 100 years old. We've educated three generations in some alumni families. They came to us partly because of family tradition, but *mostly* because our school has been known for its high level of educational quality. It cost more to come here, but it was always worth the difference."

He draws hard on his pipe to keep it going. "Now it's become a real struggle just to maintain those quality standards. Operating costs keep going up. Faculty salaries, maintenance, new equipment, new books and journals — they all take more money every year just to maintain a level."

Nationally expenditures for formal education climbed from about 2 percent of the GNP to 8 percent during the past generation. Just one other major sector of the national economy increased its spending at such a rate: the military. The post-World War II population explosion of school-age youngsters, swelling college enrollments year after year, justified these increasing expenditures. But now the tide of college-age Americans has crested. It is expected to fall off sharply with the end of the '70s.

"We got a touch of the future during the last couple of years," the president continues, frowning. "Enrollment dropped off. It really pinched, I'll tell you. Now enrollments are up again for the 1976-77 school year. But anyone who studies population tables knows we're heading for more lean years. By 1979 we're going to be hurting again — *unless* we can find ways to increase income, control costs — and maintain our educational standards at the same time."

Later, leaving his office, the president returns to the dilemma: "Quality and efficiency must go hand in hand. Sacrifice either one to the other — it would be disastrous."

What is at stake in this potentially disastrous educational balancing act is a tradition of public and private education in America reaching back over 300 years. Higher education in our country has entered the "greatest overall and long-run rate of decline in its growth patterns in all of its history."\* The prospect is for a decline in college enrollment growth, perhaps to the zero point by the end of this century.

Private colleges receive scant public subsidy compared to tax-supported institutions. With *all* of higher education so threatened, can they survive in the climate forecast for the next 25 years? And can they maintain their *independence*\*\* — that special quality and variety of character that has made them a solid alternative and an American tradition? The answer could well determine the whole future of higher education in this country.

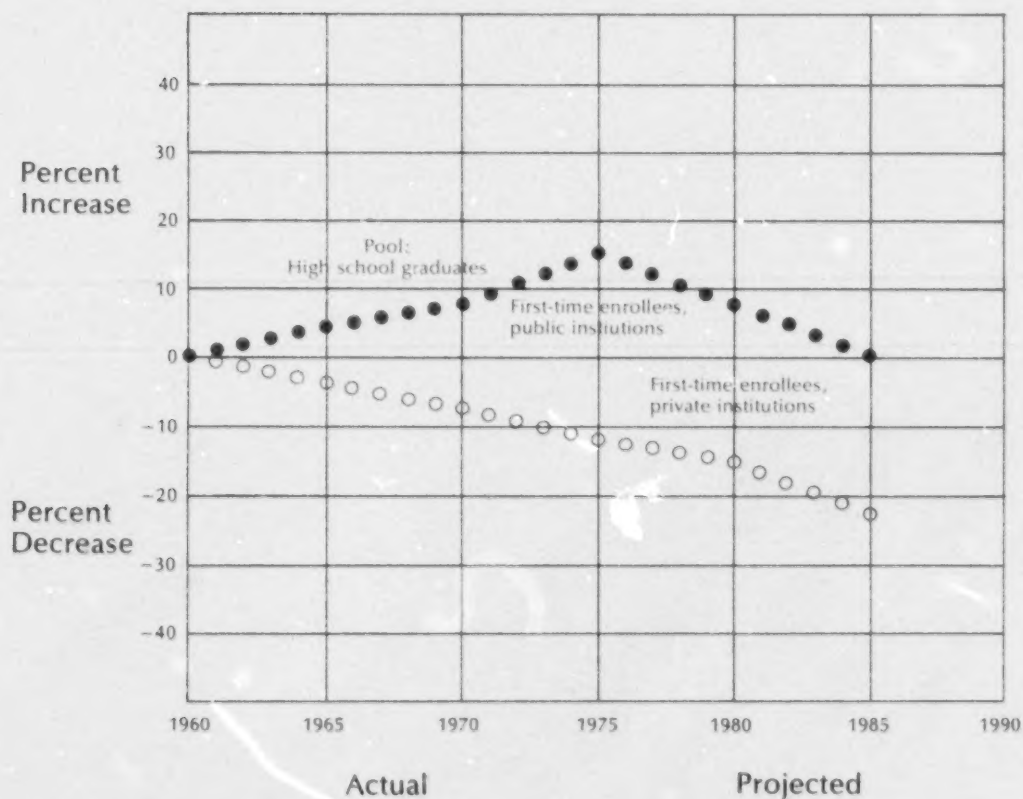
Answers are needed. But first the hard questions must be asked. To help independent colleges ask them of themselves and begin to find answers with which they can live, Northwest Area Foundation launched its Independent College Program in 1973. Its specific purpose? To "seek out ways of assisting independent colleges to control escalating costs while maintaining educational quality."

What follows, then, is one foundation's approach to keeping independent colleges independent — and what has begun to turn up as the result of that effort.

\*The Carnegie Foundation for the Advancement of Teaching, *More Than Survival*, Jossey-Bass Publishers, 1975, page ix.

\*\*\*"Private" and "Independent" will be used as synonyms throughout this publication.

# A Dire Forecast for Leaner Years Ahead Enrollment in U.S. Institutions of Higher Education\*



\*Sources: Chronicle of Higher Education; *Education and Public Policy*, S. E. Harris and A. Levensohn, Eds. McCukhan Publishing Corp., Berkeley, CA. 1965, p. 266.



## CHAPTER ONE

### American higher education:

### THREE CENTURIES OF GROWTH — UNTIL NOW.

"The universal and sincere faith that they profess here in the efficaciousness of education seems to me one of the most remarkable features of America . . ."

Thus Alexis de Tocqueville wrote from America to a professor friend in Paris in 1830. In his diaries he noted later ". . . the great expenditure of these states has been for institutions for the education of the people."

Concern for the establishment and development of schools has been a part of the American tradition from the very beginning. Some 130 of the men who migrated to New England before 1646 were alumni of the universities of Oxford, Cambridge and Dublin; they brought their respect for learning with them and planted it here.

Only 16 years after the first Pilgrims struggled ashore at Plymouth, colonists set up their first college. The school was founded in 1636 with the help of public funds — £ 400 appropriated by the General Court in Boston "towards a school or college." Two years later John Harvard died and left his library and half his estate to the tiny school; its grateful founders named the college after him.

#### Public funds and private benefactors.

Thus America's first institution of higher learning was launched with a combination of public funds and a grant from a private benefactor. In fact, most of the nine original colonial colleges were supported at least in part with public money. In the centuries since, public funds have continued to play an important part in the development and growth of American colleges; at the same time, however, hundreds of independent private colleges have grown up and flourished across the nation, providing Americans with a diversity of higher education unique in the world.

## A century of educational boom begins . . .

By 1860, 17 of the 246 colleges and universities in the nation were state institutions. The Morrill Act in 1862 granted 30,000 acres of land to each state for each congressman representing it; sale of the land was to be used to establish colleges to train young men and women in agricultural and mechanical arts. From that time on, American higher education, which had been growing gradually, was swept into a booming expansion that continued right up to the 1970's. From 1870 to 1970, enrollments doubled approximately every 14-15 years. In recent years, the pace has accelerated. There were 3.6 million Americans in degree-credit courses in 1960; by 1970, 7.9 million.

Financial support for higher education has grown even faster than enrollments. In 1959-60, operating expenditures of colleges and universities were \$7.6 billion annually; by 1970 they had increased to \$24.9 billion. Both public and private institutions flourished in what looked like a perpetual upward trend.

. . . and ends.

Then, in the 1970's, things began to change. Studies in 1970 indicated that colleges and universities were increasing their rate of spending faster than their rate of income growth. A serious cost-income gap was developing. At the same time, enrollment growth began to slow down, falling far below projections by the Office of Education and other authorities.

## The effect on independent colleges.

This sudden deceleration was painful for all of higher education, but especially for private colleges. In 1950, approximately 50 percent of higher education enrollments across the nation were in private institutions; by 1974, only 22 percent. The proportion of private *institutions* also declined: in 1950, 66 percent of America's institutions of higher learning were private; by 1972, just 56 percent.

These proportional declines were obscured for a while by the fact that absolute numbers of enrollments and new institutions were continuing to grow. While their *share* of enrollments dropped between 1950-1974, the *absolute numbers* of students enrolled in private institutions rose by 78.5 thousand. And while the proportion of private institutions dropped from 1950-1974, their absolute number increased from 1,212 to 1,483. This softened the crunch.

## A perilous outlook.

But in the mid-1970's, for the first time in over 300 years of relatively steady and certain growth, the prospect faced by higher education in the United States is one of unsteady and uncertain growth. In fact, some projections show it dropping to zero within a decade. Simultaneously, schools are faced with higher costs for labor,

energy, construction, teaching materials, financing — all the essentials that go into providing quality education. As one college president put it, "Higher education's prospects resemble the perils of Pauline."

How schools have responded to pressure.

As colleges across the nation found themselves in the unaccustomed position of being "between a rock and a hard spot", many began to draw increasingly on public assistance; state support for student aid programs in private institutions rose 44.8 percent between 1972/1973 and 1974/1975. For other colleges, the response to economic pressure was to go out of existence or merge with another school. Regents of the State of New York estimate that by 1990, full-time undergraduate enrollment will drop by as much as 23 percent and that the "decline will jeopardize the existence of as many as 80 private colleges."

Still other schools made drastic changes in the institution itself to raise income and/or cut costs, while struggling to maintain the quality of their product. As one study commented, "For some schools the question is one of survival, but for others it is their ability to retain the quality and programming which define their identity . . ."



## CHAPTER TWO

What went wrong in the seventies?

WHAT CAN BE DONE ABOUT IT?

"What we all failed to observe was that we were about to pass out of the era of cheap labor, cheap energy and cheap money. No one seemed to foresee that education and economics were on a collision course." — *Harold B. Gores, President, Educational Facilities Labs, Inc.*

The "rock and hard spot" for colleges in the 1970's were growing inflation and rising costs, aggravated by falling rates of enrollment. A number of factors depressed college enrollment in the 1970's:

*The American population age mix changed.* The post-war baby crop of 15-19 year-olds began to peak in the early 1970's; by 1985 it is expected to drop back to approximately 1950-1960 growth levels.

*The end of the draft removed,* for many young men, the reason to be in college.

*Costs of attending college rose.* Between 1965 and 1970, tuition and fees alone went up 33 percent at public colleges and universities and 41 percent in private institutions. By 1970 the average dollar cost of a year's tuition in private colleges was nearly five times as high as in public institutions.

*The job market changed:* The demand for school teachers fell off sharply. The gap between wages received by high school and college graduates narrowed. College no longer seemed such a favorable "investment in future earnings" for many.

*Liberalized college rules* made it easier for students to defer schooling and move in and out of school.

*Attitudes changed.* An anti-intellectual drift among many young people threw the relevance of a college education into question.

Northwest Area Foundation involves itself.

By 1972, five out of seven private colleges in the Northwest Area were either having financial difficulties or were verging on them. In the face of this gathering threat to independent colleges, the Board of Directors of Northwest Area Foundation met early in 1971 to discuss what might be done to help. The field of education had been the Foundation's major area of interest throughout its 40

years of existence. The Directors decided it was time to become involved in an effort to help *keep* independent colleges independent in America. But how?

The first charge given to the Foundation Staff was to conduct a comprehensive Needs Assessment Survey, to find out precisely what was happening to independent colleges in the eight states served by the Foundation. The Directors didn't want to just "spread some money around." They wanted to find the most pressing problems faced by colleges, then find the most efficacious ways to deal with them. *Facts* were the first order of business.

First step: digging out the facts.

During 1972 a comprehensive questionnaire went out to presidents of the 80 four-year independent liberal arts colleges located in Minnesota, Iowa, North Dakota, South Dakota, Montana, Idaho, Oregon, and Washington. With the help of their trustees and faculty, 71 of the presidents completed and returned the surveys in the months ahead. The survey reported hard information in three significant areas:

*The status of the college* as determined by enrollment, student vacancies, attrition, size of faculty, operating deficits or surpluses, faculty workload, and compensation.

*Prior leadership roles and experience* of the college president.

*The most significant problems faced by the college*, in the view of the president, along with suggestions on what was needed to solve them.

What emerged from the stack of completed surveys was a revealing profile of independent colleges in the Northwest, their current problems, and some indications of how the problems might be approached.

The college presidents were asked: "What two areas of operation within the college represent the most significant threat to your college's financial position?" Three problem areas led all the rest among responses. (In fact, the three received more than half of the total mentioned.)

The three top problem areas:

*Decreasing enrollment* was the one threat mentioned most often. Some presidents talked of "serious competition from state-supported schools, where tuition charges are two-thirds less." In 1972-73, for example, costs for an entering freshman living on campus (including tuition and fees, room and board, books and supplies, and personal expenses) at one of Minnesota's 20 private colleges averaged \$3,241; at a state college, \$1,900; and at the state university, \$2,350 — a cost differential of 41 percent between private and state colleges. Today, the costs have risen still higher at all schools, to a \$5,250 average at most private colleges; \$2,100 at state colleges; and \$2,655

at the state university — a rapidly widening cost spread of 120 percent between private and state colleges.

*Financial aid to students* was the second most frequently mentioned financial threat to colleges. Many presidents said they wouldn't be facing a projected financial deficit were it not for all the money paid out in student financial aid.

*Increasing instructional costs* was the third most frequently mentioned college problem. Most presidents felt faculty salaries were far above what the college could realistically afford to pay.

### Three needs . . .

Clearly, it seemed that independent schools in the Northwest must find ways to increase income and decrease expenses while maintaining educational quality. *More tuition-paying students, more contributions* from alumni and friends, and *more cost-effective methods* of instruction seemed the best means to these ends.

Armed with hard facts and information from the Needs Assessment Survey, the Directors of Northwest Area Foundation launched the Independent College Program in February 1973. The charge to its Staff was to focus "on projects to help independent colleges increase income and slow increases in expenditures."

The Foundation Directors had no illusions about the size of the job. Confronting such basic issues would take years and demand the help of many experts to formulate approaches, evaluate projects, and assess the effects of Foundation investments along the way. Besides authorizing the Program itself, they sanctioned appointment of a special Advisory Committee made up of national educational experts and use of independent professional evaluators to monitor grants made under the Program.

. . . and three programs to solve them.

With the help of the Advisory Committee and the Foundation Staff, three program areas were set up, each designed to attack one of the financial needs mentioned most frequently by college presidents:

*The Admissions and Retention Program* was directed at helping colleges find ways to produce more immediate income in tuition fees by increasing or maintaining enrollment.

*The Deferred Gifts Program* was planned to generate more long-range contributed income by providing specialists in soliciting stocks, bonds, real estate, and other gifts.

*The Productivity Program* was designed to find less costly ways of teaching and learning while maintaining educational quality.

The fact-finding stage was past. The major problems for independent colleges had been isolated. A strategy for seeking solutions and an organization to conduct the search were at hand. Now the time had come to go to work with the colleges themselves.



## CHAPTER THREE

Answering the need for more  
tuition-paying students:

### THE ADMISSIONS AND RETENTION PROGRAM

The Foundation's 1972 Assessment Survey found independent colleges depending on tuition to finance three-fourths of their cost of instruction. With instruction costs going up and enrollments going down, it was little wonder that 54 out of the 71 college presidents called a decline in enrollment "the single most significant threat" to their schools.

The correlation between enrollment and a surplus or deficit had already come clear in the Assessment Survey; colleges with a net operating deficit of \$15,000 to \$500,000 a year had been defined in the Survey as *Deficit Colleges*. Those within \$15,000 either way of a net zero sum operation were *Break-Even Colleges*. And those with a net operating surplus over \$15,000 a year were defined as *Surplus Colleges*. Of the 71 independent colleges surveyed in 1972, 54 were either running in the red or barely breaking even. Projections for the year ahead suggested that there would be 61 such colleges in 1973-74. Relative to enrollments, this meant that:

The average Deficit College *lost* 65 students from a 790 student enrollment in 1972-73.

The average Break-Even College *lost* 40 students from a 1,050 enrollment.

The average Surplus College *gained* 195 students over a 1,285 enrollment.

How the A and R Program was aimed to help.

To address this double-edged problem, the Foundation launched its Admissions and Retention Program in 1973, with one year grants to 32 colleges totalling \$948,399. The purpose of the Program was to help independent colleges expand enrollment and take steps to retain the enrollees they already had "to sustain the college's current operating capacity through the 1980's."

The Needs Assessment Survey had convinced the Foundation that retention is as important as admissions; American colleges lose, on average, approximately half of their students in the four years after matriculation. Yet the Foundation's survey found few that were systematically trying to find out *why* students dropped out. Fewer still were doing anything about dropouts.

The Admissions and Retention Program focused on four major "decision points" at which enrollments are actually decided:

### Focus points of the Program:

*Inquiry* — Getting students interested in the college in the first place.

*Application* — Bringing students to the point of actually applying for enrollment.

*Enrollment* — Getting the student's tuition money and fees into the college treasury.

*Retention* — Keeping the student in school once he or she is enrolled.

The Admissions and Retention Program grants for the first year went to support college projects that use three basic categories of means to reach the goals of enrollment and retention.

### Three kinds of means to raise enrollments:

*Finding new kinds of recruiters — and then training them.* Traditionally, colleges have generated enrollments only through their regular admissions staff. The Foundation's grants were designed to stimulate experimentation using students, parents, alumni groups, retirees, and college faculty in the recruitment process. It was, of course, essential that these "amateur recruiters" be trained for their work; for that reason much of the grant support was invested in training recruiters, holding in-depth workshops and preparing training materials.

*Improving contact with prospective students,* with emphasis on finding ways to make the contacts more personalized. The participating colleges would be trying to develop new channels of communication to prospective students and to improve the channels they already had. So, for example, some colleges used portions of their grants to buy lists of prospective students, install WATS lines, advertise in high school papers, and set up new area admissions offices in key recruitment places. Others used grant funds to update and improve their publicity materials, hire consultants to streamline admissions procedures, and solve problems, or to purchase research that would help them get a better view of how prospective students saw the college — an investigation of the school's "image" in the market.

*Providing various kinds of advisory and counseling services to already-enrolled students that would help them stay in school.* Some grants went to improve the school's academic, crisis, and personal counseling. Others helped find out why students dropped out and took steps to eliminate the drop-out points; to show students how their liberal arts curriculum related to vocational opportunities outside college; and to develop continuing education programs for older students.

### Workshops for college personnel.

At the same time, the Foundation sponsored a comprehensive training program designed to improve the capabilities of college admissions personnel. Two week-long Admissions Workshops were conducted during the summer of 1974, one at the western end of the Northwest Area, in Portland; the other at the eastern end, in

Collegeville, Minnesota. Workshops discussed future trends of higher education and their potential impact on enrollment; explored new recruitment approaches; and showed participants why recruitment efforts are most apt to be successful when college administrators, faculty and admissions personnel all work together in "essential unity."

#### Evaluation follow-up. . .

"Northwest Area Foundation is one of the few foundations that traces how funds are spent after they are granted." This comment came from Research Coordinators, Inc., in reviewing the Foundation's Admissions and Retention Program. Months before any grants were made, the Foundation had set up an evaluation program with Research Coordinators, Inc. to study the enrollment and retention situation at colleges, both before and after the Program. The Foundation wanted to know at the end of Year I what effect the project had had at each college and what the trend of enrollment at the school might be.

. . . and what it measured:

Results at the end of Year I were encouraging. Research Coordinators, Inc.'s evaluation of the Program commented that

"... the evaluation process itself has had an overall positive effect . . . in several instances (colleges) have produced better Year II proposals or have been more conscientious in their attempts to clearly define their objectives and means and abide by them — partly because they now know they will be held gently accountable."

And:

"The Foundation's support for liberal arts education, in general, has encouraged cooperation and sharing of experiences among the colleges; the Admissions Workshops sponsored in the summer of 1974 became a time for such exchange . . . several projects were . . . clearly successful and worthy of sharing."\*

The Report commented in conclusion:

"The Admissions and Retention Program of the ICP is performing a useful function in aiding the viability of colleges in the eight state area and in supporting continuance of the option of private liberal arts education in the United States."

#### Looking to the future . . .

Satisfied that progress was being made in a difficult area, the Foundation's Directors committed \$757,530 in 1974 to fund the second year of the Admissions and Retention Program, along with an additional sum to support the evaluation of the Admissions and Retention Program's grants.

\*Reports on six of them, in fact, now comprise a separate Foundation publication.



## CHAPTER FOUR

Answering the need for more  
contributions from alumni and friends:

### THE DEFERRED GIFTS PROGRAM

The overall goal of the Independent College Program is to increase college income while slowing expenditures. Each individual program has addressed this goal in a different way.

*The Admissions and Retention Program* has been aimed at improving the financial state of colleges by enrolling more students and keeping those they have. It's essentially a program to get *immediate* financial input for colleges.

*The Productivity Program* has been calculated to slow the rate of expenditure growth in colleges by reformulating the roles of teacher and student.

*The Deferred Gifts Program* has concentrated on increasing contributed income; it has sought *long-term* financial stability for schools.

What deferred gifts are.

In terms of contributed income, there are three types of financial support: immediate or current gifts; capital gifts; and deferred gifts. Deferred gifts include any arrangement by which money or property is irrevocably set aside for the future use of a college or university.

Deferred gifts are an essential part of a "triangle of giving": annual, capital, and deferred gifts. This triangle is crucial to an institution because each of the three types of gift has a different time significance. *Annual gifts* help with the operating budget. *Capital gifts* provide for building and equipment needs. *Deferred gifts* provide long-term financial stability.

and where they fit in.

Important as deferred gifts are, few colleges were soliciting them in any organized fashion, according to findings in the Needs Assessment Survey. The Foundation was thus agreeably surprised to find that a few private institutions, like Pomona College and Princeton University, had set up deferred-gift programs decades ago and were currently reaping large sums as a result of this foresight. One had earned \$60 million in just 10 years between 1957-67 by using the services of three deferred gift officers.

## Great potential rewards.

Obviously, the potential rewards for colleges actively pursuing deferred gifts were great. But the field called for great skill, planning and perception. So preparations for the Deferred Gifts Program were under way a full year before the first grants were made to colleges. In early 1973, the Foundation staff discussed the feasibility of a Deferred Gifts Program, first with personnel at a number of colleges, then with the Advisory Committee, and finally with the Foundation's Board of Directors. After that, six months went into a search for a professional deferred gifts officer training team.

## The Deferred Gifts Program begins.

The Deferred Gifts Program questionnaire went out to 72 colleges in the eight-state Northwest Area in early 1974. Forty-seven of the 72 colleges promptly returned completed questionnaires. After a professional analysis of the list of colleges by outside consultants, by April, 20 colleges had been selected. One declined the offer and another subsequently dropped out, leaving 18 colleges to share in \$650,000 worth of grants, covering:

*Intensive training* for Deferred Gifts Officer trainees at each school.

*Training for the colleges' associated personnel* who would be instrumental in the field: the college President, Chairman of Trustees, Development Director, and Chief Business Officer.

*An annual subsidy* of \$10,000 for two years, to help each college get its Deferred Gifts Program under way.

Acceptance of a college for the Program was contingent upon its willingness to (a) continue activity beyond the initial training period; (b) let the training firm train the school's associated personnel; (c) cooperate with the training firm in selecting an appropriate trainee; and then (d) let the trainee spend at least 85 percent of his or her time in deferred gifts activities.

## Training begins.

In May, 1974, the first training session was held, a one-day session for associated personnel. By August the prospective trainees for Deferred Gifts Officer had been selected, and their first intensive three-day training session took place. The session was divided into two major parts: learning technical aspects of deferred gifts; and developing interpersonal and motivational skills. In October 1974 the third training session was held — a one-day Seminar for Development Officers.

In addition to these training sessions, the training firm provided up to five days of on-campus consultation for each college, slide-tape materials for training of adjunct personnel at the colleges, and area meetings of trainees for general morale and problem solving purposes.

## 1975 — the First Year results.

All this painstaking preparation paid off! At the end of the first full year of the Deferred Gifts Program, the staff member reviewing the Program commented:

"Originally, we set this up as a long-range program that would produce results for colleges after five to 10 years. It appears from the financial information that immediate results have been achieved, with prospects for the future being even greater."

In the year just *before* entering the Deferred Gifts Program, the 18 colleges involved had raised a total of \$824,641 in deferred gifts.

"Bottom line" results.

During the first year of the Program (1974-75), they raised \$8,142,812, and reported prospects of \$9,916,150 *more*.

### First Annual Statistical Report 1974-1975

| COLLEGE                 | Bequests received | Wills Discovered | Gift Annuities | Insurance | Pooled Fund | Trusts       | Total      | Amount raised in 1972-73 before program |
|-------------------------|-------------------|------------------|----------------|-----------|-------------|--------------|------------|-----------------------------------------|
| Augsburg prospects      | 2- 61,052         | 11- 11,000       | 1-100,000      | 432,000   | —           | —            | 619,052    | 0                                       |
| Central prospects       | 8- 26,150         | 5- 5,000         | 1- 2,000       | —         | —           | 2- 100,000   | 148,150    | 0                                       |
| Coe prospects           | 4- 6,570          | —                | —              | —         | —           | —            | 6,570      | 0                                       |
| Concordia prospects     | —                 | 11-152,000       | —              | 1- 1,000  | —           | —            | 153,000    | 0                                       |
| Cornell prospects       | —                 | 4- 6,000         | 5- 80,000      | —         | 1- 5,000    | —            | 91,000     | 0                                       |
| Drake prospects         | —                 | 2- 7,000         | —              | 1- 5,000  | —           | —            | 12,000     | 0                                       |
| Gustavus prospects      | —                 | 9- 63,000        | 6- 10,000      | —         | —           | —            | 93,000     | 0                                       |
| Hamline prospects       | 11- 348,745       | 10-380,007       | 6- 71,085      | 3- 18,364 | —           | 1- 2,500     | 820,701    | 31,957                                  |
| Luther prospects        | 4- 250,000        | —                | —              | —         | —           | 3- 112,500   | 362,000    | 0                                       |
| Macalester prospects    | 6- 545,110        | 14-86,000        | —              | —         | —           | 1- 190,000   | 595,100    | 0                                       |
| Pacific L. prospects    | 1- 702,500        | —                | —              | —         | —           | 10-1,600,000 | 3,302,500  | 0                                       |
| Pacific U. prospects    | 10- 168,364       | 15-182,509       | —              | 1- 7,500  | 2- 2,000    | 1- 100,000   | 486,973    | 0                                       |
| St. Benedict prospects  | —                 | 7- 25,000        | 7-782,000      | —         | 7-72,000    | 5- 855,000   | 1,734,000  | 0                                       |
| St. Catherine prospects | 2- 35,000         | 25-415,015       | 2- 17,000      | —         | —           | 2- 170,000   | 617,015    | 0                                       |
| St. John's prospects    | —                 | 1- 40,000        | 6-156,000      | —         | —           | 2- 400,000   | 596,000    | 0                                       |
| St. Thomas prospects    | 9- 24,305         | 5- 40,005        | 16-105,694     | —         | 2-16,260    | 10- 406,363  | 615,555    | 67,770                                  |
| Warner P. prospects     | 1- 10,000         | —                | 4- 65,000      | 2-15,000  | —           | 7- 550,000   | 640,000    | 0                                       |
| Willamette U. prospects | 5- 25,050         | —                | 4- 11,500      | 1- cont.  | —           | 2- 520,000   | 655,811    | 55,085                                  |
| Yale prospects          | —                 | —                | 1- 30,000      | —         | —           | 3- 530,000   | 560,000    | 0                                       |
| Yale prospects          | 4- 16,860         | 22- 55,000       | —              | —         | —           | 3- 316,000   | 387,864    | 0                                       |
| Yale prospects          | —                 | 1- 10,000        | —              | —         | —           | 1- 250,000   | 260,000    | 0                                       |
| Yale prospects          | —                 | 18-150,000       | 1- 4,000       | —         | —           | —            | 274,000    | 0                                       |
| Yale prospects          | —                 | 1- 50,000        | —              | —         | —           | —            | 595,000    | 0                                       |
| St. Benedict prospects  | —                 | 21- 21           | 1- 2,000       | 4- 7,500  | —           | 1- 5,000     | 13,521     | 2,500                                   |
| St. Catherine prospects | 4- 10,500         | —                | —              | —         | —           | —            | 10,500     | 0                                       |
| St. John's prospects    | 7-1,045,676       | 4- 4             | 1- 1,000       | 1- 7,000  | —           | —            | 1,053,680  | 0                                       |
| St. Thomas prospects    | —                 | 2- 8,001         | 3- 11,500      | —         | —           | 1- 50,000    | 69,501     | 0                                       |
| St. Thomas prospects    | 2- 2,000          | 17- 15,000       | 2- 1,200       | 2- 5,300  | —           | —            | 51,027     | 40,292                                  |
| St. Thomas prospects    | —                 | 10- 59,500       | 1- 50,000      | —         | —           | 1- 182,500   | 75,000     | 0                                       |
| St. Thomas prospects    | 6- 16,000         | 8- 14,000        | 6- 80,200      | —         | —           | 2- 39,446    | 149,646    | 80,206                                  |
| Warner P. prospects     | —                 | —                | 1- 25,000      | —         | —           | 2- 30,000    | 55,000     | 0                                       |
| Warner P. prospects     | 2- 21,500         | 7-150,000        | 1- 2,600       | 1- 10,000 | —           | 1- 16,000    | 200,100    | 0                                       |
| Willamette U. prospects | —                 | —                | —              | —         | —           | 4- 710,000   | 710,000    | 0                                       |
| Willamette U. prospects | 6- 46,000         | 5- 62,000        | —              | 1- 56,000 | 1- 1,000    | 2- 567,500   | 732,500    | 0                                       |
| Yale prospects          | —                 | —                | —              | —         | 2- 2,000    | 4- 505,000   | 507,000    | 0                                       |
| TOTAL prospects         | 4,361,382         | 2,700,564        | 1,556,079      | 694,868   | 98,260      | 2,647,809    | 18,058,962 | 824,641                                 |
|                         |                   |                  |                |           |             |              | 1,916,150  |                                         |
|                         |                   |                  |                |           |             |              | 8,142,812  |                                         |

*"Stimulating major program and faculty  
changes in the future that could  
assure college survival!"*



## CHAPTER FIVE

Answering the need for  
more cost-effective instruction:

### THE PRODUCTIVITY PROGRAM

"... most faculty ... don't understand where their market is, what they are producing, nor how coming changes will affect them ... Many faculty seem to be 'debating the arrangement of deck furniture on the Titanic.'"

These are the words of a professional educational observer and college administrator, commenting on what he found in colleges during 1973-74. Meanwhile the academic financial deck (to carry the observer's salty metaphor just one more step) was tilting at an ever more dangerous angle.

Instruction costs up — college earnings down.

By far the major portion of college operating expenditures goes for faculty salaries. Faculty salaries make up from 65-80 percent of the instructional costs. College presidents reported that the cost of instruction was rising at a faster rate than their sources of income. In one college, between 1963-64 and 1973-74, the cost of educating a student rose 108 percent, from \$2,162 to \$4,497. The college's answer to this had been to raise tuition by 150 percent — but it still found itself slipping into a deficit position.

The Productivity Program begins.

The first year of the Productivity Program was a "pilot year", a year of experimentation and learning. Sixteen grants totalling \$596,300 were made to colleges on a one-year basis. Colleges that got grants concentrated their projects in three major areas: revising the curriculum; developing less labor-intensive modes of teaching; and examining the relationship of the student to the campus.

Typical projects:

Most Year I Productivity projects were adaptations of relatively new approaches to the college's individual situation; others were attempts to work with untested approaches, which may have been well discussed in educational circles, but had seldom been implemented. Projects included experiments with faculty exchanges, student internships, hiring fiscal analysts as consultants, student assistantships, curriculum revision, and computer and video-assisted instruction.

## Evaluation built in.

Because the first year was a learning year, the Foundation built into the Productivity Program a comprehensive evaluation strategy. This included a precise project definition, goal, and strategy survey; traveling observer reports; site visitations; preparation of evaluation reports; distribution of evaluation materials; and in-service evaluation training sessions. Program evaluation was conducted by a third party from outside the Foundation: the Evaluation Center of Western Michigan University.

## First year results summarized:

By Christmas 1974, the Evaluation Center had reported results:  
*The Program is well begun and can be made better through improvements.*

*Grant monies have stimulated discussion activity at the college level between faculty and administrators about productivity problems.*

*The presence of the projects has stimulated attitude changes towards innovation and change and has boosted morale.*

*Northwest Area Foundation grants are being used in combination with other external funds . . . are contributing to a multiplier effect on campuses.*

*The Foundation's activities in identifying and analyzing productivity problems has set a good example for the colleges.*

*The Foundation has not imposed a uniform solution on colleges, allowing each to design individual strategies.*

*Development of evaluation activities has brought about a greater awareness among the projects of the Foundation's need to know the effects of its grants.*

*Foundation grants have helped develop actual college operations.*

*Foundation grants are developing an awareness of the productivity issue and the need for evaluation and planning.*

*Some productivity strategies could be further developed to improve quality of instruction and increase institutional efficiency.*

*The Foundation has the opportunity to continue stimulating development of major program and faculty changes in the future that could assure college survival . . .*

## Looking to the future . . .

On the basis of the first year's experience, in February 1975 the Directors of the Foundation extended the Productivity Program for another three years, opening it to 70 colleges throughout the Northwest Area. New Productivity guidelines went out to all colleges in the region. Forty-three colleges responded with proposals, totalling \$5.8 million in requested grants. In March 1975 the Advisory Committee chose 12 for final consideration, totalling \$1.5 million.

... with some new Guidelines.

During the first year of the Productivity Program, evaluators found a considerable difference of opinion about precisely what "productivity" means in a college. All 16 colleges found it difficult to define productivity clearly. So for the new round of grants, a precise definition of productivity was included in the guidelines. This definition requires a reduction of instructional costs "without impairing current levels of academic quality". Or to put it another way, quality must go hand-in-hand with efficiency.

### Putting quality and efficiency together.

The second round of projects is now under way in the colleges. With the first tentative year behind and guidelines based on a year of experience, current projects promise to produce innovative and productive answers to the problem of making instruction more cost-effective — as well as exciting, stimulating, and rewarding for students.

### Five areas of exploration in coming years.

Second Round Productivity projects fall into five generic categories: analysis of curriculum to cut out low-enrollment, non-essential courses and majors; retraining and/or retiring faculty who are displaced through the review and restructuring process; reducing instructional costs through inter-institutional cooperation with a neighboring college; using student initiative for learning through use of computer-assisted and personalized systems of instruction; and using superior upper-division students in the teaching process to release faculty for teaching more students.

"Of the money to be spent on education, greater shares than in the past are expected to go to increase 'productivity'"; the *Wall Street Journal* predicted recently in an article on the future of education. Hopefully, those colleges receiving grants from Northwest Area Foundation will have gotten a good head start.



## CHAPTER SIX

### LOOKING TO THE FUTURE

During the early stages of the Independent College Program, the Foundation asked one college spokesman what he felt were the major problems facing his school. "There are none!" he said. Then, after a little pause: "We just need more money!"

It was clear to those involved in the Program then (and is even clearer now) that it takes more than money to answer the problems of independent colleges in America today. True, 11.5 million students will enroll in colleges and universities for 1976-77, an increase of 3.6 percent over the school year before. And true, the proportion of 18- and 19-year-olds in school rose to 47 percent in 1975 from 43 percent in 1974, after declining between 1971-74. The fact remains, however, that we are seeing the last vestiges of the post-war baby boom, and the number of high school graduates is expected to level off shortly and then decline for decades.

In the decades ahead then, independent colleges will need *more* than money to stay in good health. *Study* is needed. *Planning* is needed. *Imagination* is needed. *Interaction* is needed. *Dedication* is needed. *Evaluation* is needed. Money is essential, but not *the* essential.

The Directors and staff of the Northwest Area Foundation have tried to keep this in mind every step of the way. From the outset, the Foundation emphasized that problems facing independent liberal arts colleges are "far greater than the financial resources of the Foundation to solve them." Consequently, the Foundation has made a conscious effort to help schools that fully understand their problems and opportunities, that are willing to take calculated entrepreneurial risks to strengthen themselves, and that have leaders with perseverance.

It should be noted that the Independent College Program represents a significant shift in the Foundation's traditional approach to helping colleges. Before the Program, its funding emphasis had been on experimental, demonstration-type projects. The Program moved deliberately *away* from developing new pursuits in colleges to strengthening what they already had going. The Foundation asked colleges what their problems were and then funded their efforts to solve their own problems.

The results of the Program to date have been heartening. Those involved like to feel that they have come a long way. At the same time they like the feeling that while it is, after all, still only a beginning, they *know the direction*.

Looking to the future, for 1976 the Foundation announced that it will now consider grants in *all* areas of college operation, not only in the basic three with which it began.

The new grants were made available to all private, four-year, liberal arts colleges in the eight-state Northwest Area (except those currently holding a Productivity grant). No maximum or minimum dollar limit was set on grants. Guidelines for the Program stated:

"No matter to what area of college operations a proposal is directed, the basic criterion for evaluating its potential merit will be the degree of observable improvement it promises for either the student or the institution. Proposals will not be judged on the basis of being 'innovative'; the Foundation is more concerned with a college's willingness to confront critical issues and to allocate institutional resources for change."

In this spirit, the Foundation and the Program are moving forward — looking to the future.

More information about Northwest Area Foundation's general policies and activities is available from its principal offices at West 975 First National Bank Building, Saint Paul, Minnesota 55101 or its auxiliary office at 319 Yeon Building, 522 Southwest Fifth Street, Portland, Oregon 97204. A brochure titled *Information for Grant Applicants* explains procedures and presents the form applications should take, for instance, and the Annual Report describes grants made in the most recent fiscal year. For those who would like more detailed information on the Admissions and Retention Program of the Independent College Program, there is also a series of monographs on six of the funded projects titled *Choice or Chance: Planning for Independent College Marketing and Retention*. Specific questions and comments about the Independent College Program should be addressed to Paul M. Olson, Senior Program Associate.